

Prepared for:
State of New Mexico
Human Services Department

New Mexico TANF Longitudinal Study

Results of the Second-Year Follow-Up Surveys

Executive Summary

March 2001

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The telephone surveys were conducted by the MAXIMUS Survey Research Center. The opinions expressed in this report are those of the MAXIMUS authors.

EXECUTIVE SUMMARY AND DISCUSSION

This report presents the results of the second round of annual surveys of persons who have received welfare benefits under the New Mexico Temporary Assistance to Needy Families (TANF) program.¹ The surveys were conducted by telephone between November 2000 and March 2001 from the MAXIMUS Survey Research Center in McLean, Virginia.

The goal of the surveys is to provide New Mexico policy makers with information useful for evaluating the state's welfare programs and policies. The surveys are designed to collect information not available through other sources. This includes:

- information on the barriers experienced by welfare recipients in leaving and staying off welfare; and
- information on the experiences and well-being of families who have left welfare.

The survey sample for the study consists of 2,500 families who were receiving TANF benefits at some time between July 1998 and June 1999. For the second round of surveys ("Round 2"), telephone interviews were conducted with 1,745 of these persons, representing 71 percent of those who were available to be interviewed. The first round of surveys was conducted between November 1999 and April 2000.

The second round of surveys included new questions on *mental health* and *domestic violence* among the respondents still on welfare. The third and final round of surveys will be conducted toward the end of 2001. Together, the three rounds of surveys will provide a detailed and comprehensive picture of welfare recipients and welfare leavers over an extended period of time.

A. SUMMARY OF MAJOR FINDINGS

The major findings from the telephone surveys are summarized below.

1. MOVEMENT ON AND OFF WELFARE

Characteristics of Persons Still on Welfare

At the time of the second-year surveys, about 33 percent of the respondents were still on welfare – down from 47 percent in the first-year surveys. Although this is a positive development, some types of welfare recipients were leaving welfare at slower rates than

¹ The Temporary Assistance to Needy Families program was introduced under the federal welfare reform legislation of 1996. The TANF program replaced the former Aid to Families with Dependent Children (AFDC) program.

others. For example, 40 percent of the high school drop-outs in the sample were still on welfare at the time of the Round 2 surveys, compared to only 30 percent of persons who had completed high school.

The 33 percent of respondents who were still on welfare at Round 2 have now generally been on welfare for long periods of time, although some have left and come back. Many of these “stayers” represent the types of welfare recipients who are the most difficult to serve in terms of job placement and job retention. An analysis of these respondents shows that 41 percent had not completed high school.

Characteristics of Persons Returning to Welfare After Leaving

With regard to welfare recidivism (return to welfare), 16 percent of the respondents who were off welfare in June 1999 were back on welfare at the Round 2 surveys. The recidivism rate among persons who had not completed high school was 19.3 percent. Recidivism rates also varied by age group, marital status, and county. On the positive side, only about 10 percent of the respondents who were no longer on welfare at the Round 2 surveys thought it “very likely” they would return to welfare. However, 15 percent of unemployed persons thought that it very likely they would return.

2. EMPLOYMENT AND EARNINGS AMONG PERSONS NO LONGER ON WELFARE

Trends in Employment, Work Hours, and Earnings

Exhibit ES-1 summarizes the employment status of respondents who were no longer on welfare. Overall, 65.5 percent of the respondents who were no longer on welfare at Round 2 were employed. This was an increase from 61.7 percent at the time of the Round 1 surveys. Almost 81 percent of the respondents who were no longer on welfare at Round 2 were either working or living with an employed adult – an increase from 79 percent at Round 1.

EXHIBIT ES-I EMPLOYMENT AND EARNINGS AMONG RESPONDENTS NO LONGER ON WELFARE

Status	Year-One Surveys	Year-Two Surveys
Percent working	61.7%	65.5%
Percent working or living with an employed adult	78.9%	80.7%
Percent of employed persons working full-time	54.9%	60.6%
Average monthly earnings of employed persons	\$1,082	\$1,196

A special analysis was conducted of the 19 percent of respondents who were *not* working and *not* living with an employed adult at Round 2. The analysis showed that 37 percent of these respondents were receiving disability benefits, or regular child support, or other regular cash income.

In terms of work hours, there was a significant increase in the percentage of employed persons who were working full-time (40+ hours per week). As shown in Exhibit ES-1, almost 61 percent of the persons who were employed and no longer on welfare at Round 2 were working full-time, compared to only 55 percent at Round 1.

Finally, there was a major increase in earnings among employed respondents who were no longer on welfare. As indicated in the exhibit, average monthly earnings among employed persons rose from \$1,082 at Round 1 to \$1,196 at Round 2 – an increase of 10.5 percent.

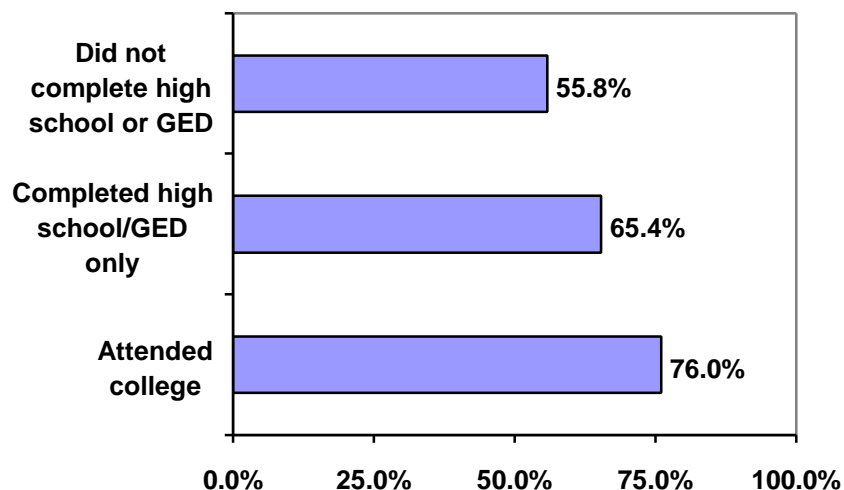
Who Is Working and Not Working

Although respondents who had left welfare were making steady gains in employment and earnings overall, the Round 2 surveys continued to show significant variations in employment and earnings among different types of respondents. For example, as shown in Exhibit ES-2, employment rates varied considerably by education. Only about 56 percent of high school drop-outs who had left welfare were working, compared to 65 percent of those who had completed high school without going to college, and 76 percent of those who had attended a two- or four-year college. In addition, 25 percent of high school drop-outs who had left welfare were neither working *nor* living with an employed adult.

Employment rates also varied by age, marital status, county, and ethnicity. Only 57 percent of Native Americans were employed after leaving welfare, compared to 69 percent of Hispanics. About one-quarter of the Native Americans who had left welfare were neither working nor living with an employed adult.

Earnings among employed respondents also varied considerably by education and other factors. For employed high school drop-outs, average monthly earnings were \$1,006 per month, compared to \$1,163 for persons who had completed high school only, and \$1,384 for persons who had attended college.

EXHIBIT ES-2
PERCENT OF RESPONDENTS WORKING AFTER LEAVING
WELFARE, BY EDUCATION – ROUND 2 SURVEYS



Unemployed Respondents No Longer on Welfare

Of the respondents who were off welfare and *not* working at the time of the Round 2 surveys, 56 percent had worked at some time since leaving welfare – an increase from 51 percent at the Round 1 surveys. However, only 49 percent of unemployed high school drop-outs had worked since leaving welfare. Of all the unemployed Round 2 respondents who had worked since leaving welfare, about 70 percent had worked in the last six months.

Of the persons not working at Round 2, 23 percent identified physical health problems as the most important reason for not working. Overall, about 31 percent of the unemployed respondents mentioned physical or mental health problems (their own or a family member's) as the main reason for not working. In combination, about 30 percent of unemployed respondents were staying out of the labor force voluntarily.

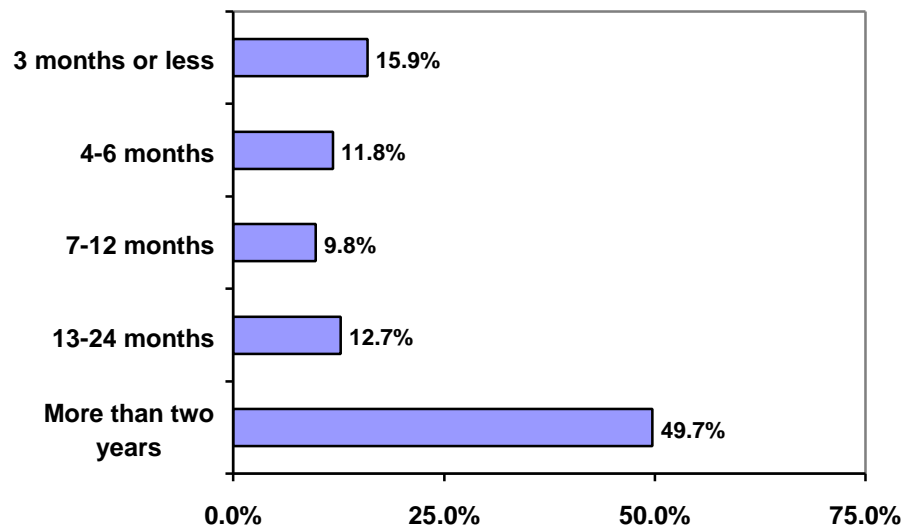
3. EMPLOYMENT STATUS AND BARRIERS OF PERSONS STILL ON WELFARE

About 40 percent of the persons who were still on welfare at Round 2 were employed – an increase from 36 percent at Round 1. Again, employment rates varied significantly by education. Only 34 percent of persons who had not completed high school were working, compared to 39 percent of those who had completed high school only, and 51 percent of those who had attended college. The percentage of persons working also varied considerably by county.

Exhibit ES-3 shows that 49 percent of those who were *not* working and still on welfare had never worked or had not worked in the past two years. Overall, 63 percent of the unemployed respondents still on welfare had either never worked or had not worked in the past year. Only 36 percent of unemployed Native Americans and 40 percent of high school drop-outs had worked in the past two years.

Of the Round 2 respondents who were not working, and still on welfare, almost 26 percent mentioned their own health problems as the main reason for not working. Another 7 percent cited the health problems of a child or other family member.

EXHIBIT ES-3 UNEMPLOYED RESPONDENTS STILL ON WELFARE AT ROUND 2 – HOW LONG SINCE LAST WORKED*



* “More than two years” includes persons who had never worked

4. RECEIPT OF CHILD SUPPORT AND PUBLIC ASSISTANCE BY PERSONS NO LONGER ON WELFARE

Receipt of Child Support by Persons No Longer on Welfare

About 11 percent of non-married respondents who were no longer on welfare at Round 2 were receiving child support on a regular basis. Almost 38 percent had a court order for child support. Only 4.6 percent of non-married Native Americans said that they were receiving child support regularly, compared to 10 percent of Hispanics and almost 16 percent of Caucasians. Only 9 percent of high school drop-outs who had left welfare were receiving regular child support. Slightly less than 9 percent of unemployed respondents who had left

welfare were receiving child support regularly. The percentage receiving regular child support also varied considerably by county.

Food Stamps, Medicaid, and Other Public Assistance

Almost 37 percent of the respondents who were no longer on welfare at Round 2 were receiving Food Stamps – down slightly from 38 percent at Round 1. About 47 percent of those who were off welfare but not working were receiving Food Stamps. Among major counties, Food Stamp participation varied from 27 percent in San Juan County to almost 42 percent in McKinley County. Of those who were *not* receiving Food Stamps at Round 2, 57 percent said that they had been found ineligible due to income or assets, and 13 percent said they no longer needed Food Stamps.

Use of Medicaid or Mexikids by persons no longer on welfare increased from 62 percent at Round 1 to almost 73 percent at Round 2. Almost 23 percent of unemployed persons at Round 2 were receiving disability benefits through SSI or other programs and 22 percent were living rent-free with relatives or friends.

5. FAMILY WELL-BEING AND HARDSHIP IN CASES NO LONGER ON WELFARE

Hardship and Access to Food

Very few of the respondents who were off welfare at Round 2 reported experiencing the more severe types of hardship – such as staying in a homeless shelter or having their children placed in foster care. However, a relatively large percentage reported more minor types of hardship. For example, 39 percent said that they had fallen behind in rent payments in the last year. Almost 16 percent reported that there had been times in the past year when they went without heat, or electricity, or water – an increase from 13 percent when they were on welfare.

About 27 percent of the Round 2 respondents who were no longer on welfare reported that there had been times in the past year when they had to skip meals or cut the size of meals due to lack of money. This was a slight increase from 26 percent at Round 1. Overall, 2.4 percent of Round 2 respondents who were no longer on welfare reported going hungry at some time in the past year.

Access to Medical Care

Almost 33 percent of Round 2 respondents who were no longer on welfare reported having a problem with access to medical care in the past year – specifically, having times when they could not afford needed medical care for themselves or a family member. Among the respondents who reported problems with access to medical care in the past year, 42 percent indicated that it involved a child, and 51 percent said that the problem had happened three or more times. The most common medical conditions identified by these respondents were cold/flu, injury/accident, dental services, and respiratory problems. In about 69 percent of

the cases where the respondents could not afford needed medical care, they still obtained the care – either through uncompensated care, or by borrowing the money or paying in installments. In 30 percent of the cases, the condition went untreated.

Overall Financial Situation and Comparisons to Life on Welfare

In terms of their overall financial situation, about 60 percent of the respondents who were no longer on welfare at Round 2 thought that their income and benefits were adequate to meet their family's needs – a slight decrease from 62 percent at Round 1. Overall, however, 66 percent of the Round 2 respondents thought that they were better off since leaving welfare – an increase from 59 percent at Round 1. About 14 percent of Round 2 respondents thought they were worse off.

6. HEALTH CARE COVERAGE AND AWARENESS

Health Coverage for Children

The surveys show positive trends in health care coverage for children. There was a decline between Round 1 and Round 2 in the percentage of respondents who had a child with no health care coverage. Among respondents no longer on welfare, 16 percent of Round 2 respondents reported that they had at least one child without health coverage – a decline from almost 27 percent at Round 1. Of the Round 2 respondents who did not have health coverage for a child, two-thirds said that the child had been without coverage for more than six months. Among employed persons, there was a slight increase in the percentage covered by employer health plans – from 24 percent at Round 1 to 26 percent at Round 2.

Knowledge of Continuing Benefits

Among respondents no longer on welfare at Round 2, 61 percent said that they had heard of the New Mexikids program, and 39 percent had not. Only 44 percent of high school drop-outs and 47 percent of Native Americans had heard of the program. About 54 percent of persons still on welfare had heard of the program. Of the respondents who were no longer on welfare and not using Medicaid, 36 percent did not know that families can continue to get Medicaid after leaving welfare, and another 8 percent were not sure. About 20 percent of persons still on welfare did not know that families could get Medicaid after leaving welfare, and another 9 percent were not sure.

7. CHILD CARE AND TRANSPORTATION

Among Round 2 respondents who were no longer on welfare and who were paying for child care, 52 percent said they were receiving help from the county in paying for care. This compares to only 35 percent of the respondents who were not on welfare and using paid child care at Round 1. Among all respondents who were using paid child care at Round 2, the percentage who were receiving help varied from 44 percent in McKinley County to 73 percent in Dona Ana County (among major counties).

Vehicle ownership among persons no longer on welfare increased from 67 percent at Round 1 to almost 70 percent at Round 2. However, vehicle ownership among those still on welfare declined from 56 percent to 49 percent. Only 39.6 percent of high school drop-outs still on welfare owned a vehicle, compared to 61.4 percent of those who had attended college. Among unemployed persons still on welfare at Round 2, 34 percent reported that transportation would be a problem if they went to work, including 43 percent of Native Americans.

8. USE OF EMPLOYMENT-RELATED PROGRAMS AND SERVICES

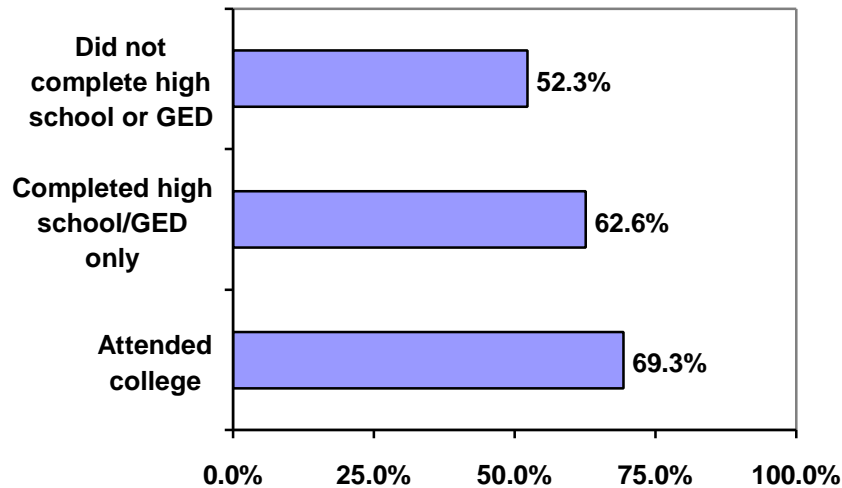
Use of Employment-Related Programs Provided by Local Welfare Offices

Among respondents who were still on welfare at Round 2, 15 percent said they were currently receiving services to help them find a job. Another 38 percent said that they had received these services in the past. About 47 percent said that they had never received these types of services. It should be noted that some of the respondents may have been exempted from work activities, especially since the sample of persons still on welfare is increasingly made up of longer-term recipients who may have medical barriers. The percentage of respondents who said that they had received help in finding job openings varied significantly by county.

Use of the Earned Income Tax Credit

Of the persons who were employed and no longer on welfare at Round 2, 62 percent were receiving the Earned Income Tax Credit (EITC). As shown in Exhibit ES-4, only 52 percent of employed high school drop-outs were claiming the credit, compared to 69 percent of persons who had attended college. Of the persons who were claiming the tax credit, 93 percent were claiming it through end-of-year tax filing, and only 3.4 percent said that they were getting the credit in each pay check.

EXHIBIT ES-4
PERCENT OF EMPLOYED RESPONDENTS WHO WERE CLAIMING
THE EARNED INCOME TAX CREDIT, BY EDUCATION*



* Respondents no longer on welfare at Round 2

B. DISCUSSION OF THE FINDINGS

The Round 2 surveys show a number of positive trends in terms of employment and earnings gains among persons no longer on welfare. Although employment rates vary by demographic sub-group, all groups seem to be making steady gains. Research has shown that persons who leave welfare for work often experience significant earnings gains in the first year, usually because they find new jobs with more hours or move beyond entry-level minimum wage positions. The third round of surveys will assess whether the 10 percent earnings increase observed between Round 1 and Round 2 continues over time. The Round 2 surveys also show positive trends in health coverage for children, and in the percentage of persons getting help paying for child care.

Although there are a number of positive trends in the data, there are also several findings which are potentially a cause for concern. The data show that many of the respondents who are still on welfare have significant barriers. For example, half of the unemployed persons still on welfare have either never worked or have not worked in the past two years. A significant percentage appear to have health barriers to employment, while many older recipients are suffering from depression. About 41 percent have not completed high school or a GED. In some cases, failure to complete high school may be indicative of other underlying issues, such as learning disabilities, poor work ethic, and intergenerational welfare dependency.

Under the TANF program, federal funds can be used to provide benefits for only five years to any one recipient. For the most part, exemptions are granted only while the recipient has a child under age 1. Many of the current TANF recipients in New Mexico will be reaching the five-year limit on TANF benefits within the near future. Up to 20 percent of these recipients can continue to receive TANF benefits if they are designated as hardship cases. The survey findings on respondents who are still on welfare provide insights into the types of barriers confronting TANF recipients who will soon be nearing the five-year time limit. The third-year surveys will provide additional information on “hard-to-serve” recipients who are having the most difficulty leaving the welfare rolls.

The survey findings point to a number of other issues that may need greater focus. There seems to be a need to provide more education about continuing benefits under the Medicaid and Mexikids programs for families who leave welfare. In the area of child support, only a small percentage of non-married persons who have left welfare are receiving support on a regular basis. Only 62 percent of employed persons who have left welfare are claiming the EITC even though the vast majority are eligible. Of those claiming the credit, very few are receiving the credit in each pay check.